

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee Members

FROM JBC Staff

DATE FEBRUARY 19, 2019

SUBJECT JBC Bill Drafts

This memo includes the following bill drafts for the Committee's consideration:

1. LLS 19-0895 "Concerning JBC Reqmnt to Recommend Capital Financing Methods." (Alfredo Kemm)
2. LLS 19-0901 "Concerning National Guard Tuition Assistance CSU Global." (Amanda Bickel)
3. LLS 19-0919 "Concerning Aquatic Nuisance Species Funding." (Tom Dermody)
4. LLS 19-0907 "Concerning Div Parks & Wildlife Alert System Vendors." (Tom Dermody)

This memo includes the following bill concepts for the Committee's consideration:

1. JBC TN 56 "Nurse Home Civil Penalty Revenue" (Eric Kurtz)
2. JBC TN 58 "Renew Breast and Cervical Cancer Prevention & Treatment Program" (Eric Kurtz)
3. JBC TN 75 "Competitive State-backed Health Insurance Study" (Eric Kurtz)
4. JBC TN 76 "Prescription Drug Importation" (Eric Kurtz)
5. JBC TN 89 "Dental Care for Low Income Seniors" (Eric Kurtz)
6. JBC TN 92 "Pilot to Expand Work-based Learning Opportunities in Higher Education" (Amanda Bickel)
7. JBC TN 47 "Contract Compensation Specialist" (Alfredo Kemm)
8. JBC TN 53 "Establish Online Renewal App Fee for Liquor Licenses" (Alfredo Kemm)

First Regular Session
Seventy-second General Assembly
STATE OF COLORADO

DRAFT
2.5.19

DRAFT

LLS NO. 19-0895.01 Esther van Mourik x4215

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: "JBC Reqmnt To Recommend Capital Financing Methods"

A BILL FOR AN ACT

101 **CONCERNING A REQUIREMENT THAT THE JOINT BUDGET COMMITTEE**
102 **RECOMMEND NEW METHODS TO FINANCE THE STATE'S ONGOING**
103 **CAPITAL NEEDS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. The bill repeals a requirement that the joint budget committee develop and make recommendations concerning new methods of financing the state's ongoing capital construction, capital renewal, and controlled maintenance needs.

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 2-3-203, **repeal**
3 (1)(g) as follows:

4 **2-3-203. Powers and duties of the joint budget committee -**
5 **repeal.** (1) The committee has the following power and duties:

6 (g) ~~Prior to January 1 of the year prior to the last year in which a~~
7 ~~transfer may be made under section 24-75-219, C.R.S., to develop and~~
8 ~~make recommendations in consultation with the capital development~~
9 ~~committee established in section 2-3-1302 concerning new methods of~~
10 ~~financing the state's ongoing capital construction, capital renewal, and~~
11 ~~controlled maintenance needs. No later than the following February 1, the~~
12 ~~committee shall recommend legislation to implement the~~
13 ~~recommendations.~~

14 **SECTION 2. Safety clause.** The general assembly hereby finds,
15 determines, and declares that this act is necessary for the immediate
16 preservation of the public peace, health, and safety.

First Regular Session
Seventy-second General Assembly
STATE OF COLORADO

DRAFT
2.12.19

DRAFT

LLS NO. 19-0901.01 Jacob Baus x2173

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: "National Guard Tuition Assistance CSU Global"

A BILL FOR AN ACT

101 **CONCERNING THE ADDITION OF COLORADO STATE UNIVERSITY -**
102 **GLOBAL CAMPUS AS A DESIGNATED INSTITUTION OF HIGHER**
103 **EDUCATION FOR PURPOSES OF TUITION ASSISTANCE FOR**
104 **MEMBERS OF THE NATIONAL GUARD.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. The bill adds Colorado state university - global campus to the list of designated institutions of higher education for purposes of tuition assistance for members of the National Guard.

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 23-7.4-302, **amend**
(3)(a) as follows:

23-7.4-302. Tuition for members of the National Guard - definitions. (3) (a) For purposes of this section, "designated institution of higher education" means the Colorado state university - Pueblo, Adams state university, Colorado Mesa university, Metropolitan state university of Denver, Fort Lewis college, Western state Colorado university, all independent area technical colleges, all local district colleges, the university of northern Colorado, the university of Colorado at Boulder, the university of Colorado at Denver, the university of Colorado at Colorado Springs, Colorado state university, COLORADO STATE UNIVERSITY - GLOBAL CAMPUS, the Colorado school of mines, the university of Colorado health sciences center, all community colleges governed by the state board for community colleges and occupational education, and any private institution of higher education in Colorado that qualifies for the college opportunity fund pursuant to article 18 of this title 23 and that offers an accredited certificate or degree program in homeland security. For a member of the Colorado National Guard enrolled in a private institution of higher education, tuition assistance is limited to the completion of the accredited certificate or degree program in homeland security and is provided at the discretion of the adjutant general of the department of military and veterans affairs.

SECTION 2. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August

1 2, 2019, if adjournment sine die is on May 3, 2019); except that, if a
2 referendum petition is filed pursuant to section 1 (3) of article V of the
3 state constitution against this act or an item, section, or part of this act
4 within such period, then the act, item, section, or part will not take effect
5 unless approved by the people at the general election to be held in
6 November 2020 and, in such case, will take effect on the date of the
7 official declaration of the vote thereon by the governor.

First Regular Session
Seventy-second General Assembly
STATE OF COLORADO

UNEDITED
UNREVISED
DRAFT
2.5.19

DRAFT

LLS NO. 19-0919.01 Jennifer Berman x3286

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: "Aquatic Nuisance Species Program Funding"

A BILL FOR AN ACT

101 **CONCERNING A CHANGE IN FUNDING SOURCE FOR THE AQUATIC**
102 **NUISANCE SPECIES PROGRAM FROM MONEY ALLOCATED**
103 **THROUGH THE SEVERANCE TAX OPERATIONAL FUND TO MONEY**
104 **APPROPRIATED FROM THE GENERAL FUND, AND, IN CONNECTION**
105 **THEREWITH, MAKING AN APPROPRIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. The division of parks and wildlife in the department of natural resources (division) administers the aquatic

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

nuisance species program (program) to prevent, control, contain, monitor, and eradicate aquatic nuisance species from state waters. The program is funded, in part, from money allocated from the severance tax operational fund (fund). Due to the variability of severance tax revenues from year to year, the program is subject to proportional reductions in the allocation of money from the fund in a given year.

The bill repeals the allocation of money for the program from the fund and appropriates \$2.2 million from the general fund to the department of natural resources for use by the division for the program.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 33-10.5-108, **amend** (1)(a)(I) as follows:

33-10.5-108. Division of parks and wildlife aquatic nuisance species fund - creation - repeal. (1) (a) (I) There is hereby created in the state treasury the division of parks and wildlife aquatic nuisance species fund, also referred to in this section as the "fund", which shall be administered by the division. The fund consists of all money transferred by the state treasurer as specified in sections ~~39-29-109.3 (2)(m)~~, 33-10.5-104.5 and 33-10.5-105 AND ALL MONEY APPROPRIATED BY THE GENERAL ASSEMBLY TO THE DEPARTMENT FOR USE BY THE DIVISION FOR IMPLEMENTATION OF THIS PART 10.5. All money in the fund is continuously appropriated to the division for the purpose of implementing this article 10.5. All money in the fund at the end of each fiscal year remains in the fund and does not revert to the general fund or any other fund.

SECTION 2. In Colorado Revised Statutes, 39-29-109.3, **repeal** (2)(m) as follows:

39-29-109.3. Severance tax operational fund - repeal. (2) Subject to the requirements of subsections (3) and (4) of this section,

1 if the general assembly chooses not to spend up to one hundred percent
2 of the money in the operational fund as specified in subsection (1) of this
3 section, the state treasurer shall transfer the following amounts, with the
4 exception of the fiscal year commencing on July 1, 2018:

5 (m) ~~For the mitigation of aquatic nuisance species as specified in~~
6 ~~article 10.5 of title 33:~~

7 ~~(I) Repealed.~~

8 ~~(H) For the state fiscal year commencing July 1, 2009, and every~~
9 ~~state fiscal year thereafter, four million six thousand five dollars to the~~
10 ~~division of parks and wildlife aquatic nuisance species fund created in~~
11 ~~section 33-10.5-108 (1).~~

12 **SECTION 3. Appropriation.** For the 2019-20 state fiscal year,
13 \$2,200,000 is appropriated to the department of natural resources for use
14 by the division of parks and wildlife. This appropriation is from the
15 general fund. To implement this act, the division of parks and wildlife
16 may use this appropriation for implementation of the aquatic nuisance
17 species program.

18 **SECTION 4. Safety clause.** The general assembly hereby finds,
19 determines, and declares that this act is necessary for the immediate
20 preservation of the public peace, health, and safety.

First Regular Session
Seventy-second General Assembly
STATE OF COLORADO

DRAFT
2.13.19

DRAFT

LLS NO. 19-0907.01 Richard Sweetman x4333

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: "Div Parks & Wildlife Alert System Vendors"

A BILL FOR AN ACT

101 **CONCERNING AUTHORIZING THE DIVISION OF PARKS AND WILDLIFE TO**
102 **CONTRACT WITH A PRIVATE VENDOR FOR THE SALE OF LICENSES**
103 **RELATING TO THE FEDERAL INTEGRATED PUBLIC ALERT AND**
104 **WARNING SYSTEM.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. The bill states that the division of parks and wildlife may contract with a private vendor for the sale of licenses and passes relating to the integrated public alert and warning system of

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

the federal emergency management agency. The contract may permit the vendor to retain a commission on each such sale before remitting the balance of the proceeds from the sale to the division. Net revenue received by the division from a private vendor is subject to annual appropriation by the general assembly to the division.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, **add** 33-9-113 as follows:

33-9-113. Integrated public alert and warning system - sale of licenses and passes - vendor - commissions. (1) THE DIVISION MAY CONTRACT WITH A PRIVATE VENDOR FOR THE SALE OF LICENSES AND PASSES RELATING TO THE INTEGRATED PUBLIC ALERT AND WARNING SYSTEM OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY. THE CONTRACT MAY PERMIT THE VENDOR TO RETAIN A COMMISSION ON EACH SUCH SALE BEFORE REMITTING THE BALANCE OF THE PROCEEDS FROM THE SALE TO THE DIVISION.

(2) NET REVENUE RECEIVED BY THE DIVISION FROM A PRIVATE VENDOR AS DESCRIBED IN SUBSECTION (1) OF THIS SECTION IS SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL ASSEMBLY TO THE DIVISION.

SECTION 2. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee

FROM Eric Kurtz, JBC Staff (303-866-4952)

DATE February 19, 2019

SUBJECT Potential Legislation for the Department of Health Care Policy and Financing

56 NURSING HOME CIVIL PENALTY REVENUE

In the November 1 budget request, the Department of Health Care Policy and Financing requested legislation (See *R14 Office of Community Living Governance*) to increase a statutory spending limit on annual expenditures from nursing home civil penalty revenues from \$250,000 annually to \$500,000, in order to spend down the accumulated fund balance and avoid a federal recoupment. This request will be addressed during figure setting.

58 RENEW BREAST AND CERVICAL CANCER PREVENTION AND TREATMENT PROGRAM

The Department's November 1 budget request assumed (in *R1 Medical Services Premiums*) that the legislative authority for the Breast and Cervical Cancer Prevention and Treatment Program will be renewed, but this would require a bill. The Breast and Cervical Cancer Prevention and Treatment Program provides diagnostic and screening services to low-income uninsured and underinsured people who do not qualify for Medicaid, using cash funds revenue from specialty license plate fees. This issue will be addressed during figure setting.

75 COMPETITIVE STATE-BACKED HEALTH INSURANCE STUDY

The Governor's January 15 budget submittal requested a set-aside of \$400,000 General Fund for FY 2019-20 for a competitive state-backed health insurance study. Based on the dollars requested and the subject, the JBC assumes the set aside is for H.B. 19-1004 Proposal for Affordable Health Coverage Option (Roberts & Catlin/Donavan). The bill is currently in House Appropriations and the most recent Legislative Council Staff Fiscal Note, dated 01/18/19, identifies costs of \$190,500 General Fund in FY 2018-19 and \$381,000 General Fund in FY 2019-20.

76 PRESCRIPTION DRUG IMPORTATION

The Governor's January 15 budget submittal requested a set-aside of \$1,300,000 General Fund in FY 2019-20 for prescription drug importation. Based on the dollars requested and the subject, the JBC assumes the set aside is for S.B. 19-005 Import Prescription Drugs from Canada (Jaquez Lewis/Rodriguez & Ginal). The bill is currently in Senate Appropriations and the most recent

FEBRUARY 14, 2019

Legislative Council Staff Fiscal Note, dated 01/28/19, identifies a cost of \$1,361,217 General Fund and savings of \$70,000 federal funds in FY 2019-20.

89 DENTAL CARE FOR LOW INCOME SENIORS

Rep. Esgar proposed replacing a provision in statute that sets minimum rates for the Senior Dental Program based on the predecessor program operated by the Department of Public Health and Environment, and instead set the minimum rates based on Medicaid rates. The Department estimates that changing the rates to match Medicaid rates would allow an additional 300-800 clients to be served annually with the same total grant funds.

The Senior Dental Program is a General Fund grant program with no federal match that provides dental care for people 60 years and older with income below 250 percent of the federal poverty guidelines who are not eligible for Medicaid or the Old Age Pension State Medical Program and have no other dental insurance. Participating providers receive a grant allocation and then bill the Department by procedure up to the grant cap.

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee
FROM Amanda Bickel, JBC Staff (303-866-4960)
DATE February 19, 2019
SUBJECT Use of Work-study Funds for Work-based Learning

As part of the briefing for higher education, staff proposed a **pilot to expand the use of work-study funds for work-based learning**. As noted in the presentation, the traditional higher education structure is struggling to adapt to the changing needs of students and the economy. The system has difficulty assisting students from low-income families and those that have not traditionally pursued a college education to enter, persist, and complete. The system is also insufficiently integrated with workforce needs: graduates often report that they cannot finding jobs that use the skills they've learned, while businesses often complain that they are unable to find employees with that match their business needs. The Education Leadership Council report highlights the need for better integration between work and learning.

Colorado currently has more state-funded work study than any other state (\$23.4 million General Funds). Although there are few state statutory constraints around the use of these funds, they are typically used in much the same way as federal work-study funds, i.e., they fund on-campus student jobs which may or may not have any direct relationship to a student's major or study-interests. **Staff recommends the Committee sponsor legislation to support pilot initiatives in which institutions would match state funds with funds from outside employers to help support undergraduate credit-bearing paid internships and work experiences that are directly related to a student's area of study and employment goals.**

During the budget briefing, staff noted that staff would only pursue this initiative if higher education institutions and the Committee expressed interest. **Based on the positive responses from some institutions at the hearing (particularly MSU Denver and CMU) and Committee comments, staff recommends that the Committee sponsor a bill on this topic.** There are presently two potential pathways:

- Support pilots at MSU Denver and CMU; or
- Set aside a larger amount of funds to support pilots at additional institutions.

Staff believes that both MSU and CMU are interested in and well positioned for pilot programs. Both serve predominantly low-income populations who typically work while in school and often have difficulty persisting and completing, likely in part due to their need to support themselves and sometimes their families while in school. Both schools also have strong internal advocates for work-based learning initiatives, adding to the likelihood that a pilot program will be successful.

Staff has reached out to the Department and some other institutions about this possible initiative, but has not yet received sufficient feedback to determine the level of interest.

Staff recommends that the Committee place this potential bill on the bill list and recommends that the Committee consider authorizing drafting, so that staff can work with the Department

and interested institutions in the drafting process. Staff will bring back a full recommendation during the figure setting for the Department of Higher Education.

Excerpt from Budget Briefing

The federal work-study program was created in 1964 to assist low-income students to cover the cost of college through schedule-convenient and career focused work. Typically, students with financial need indicate whether they are interested in a job. If so, they apply for one of a list of work-study jobs available and are paid as they accumulate hours.

As for most financial aid programs, Colorado had built its state work study program around the existing federal work study structure. However, **Colorado has the largest budget for state-funded work study among all states: \$23.4 million** or 30 percent more than the next highest state. This means that if the State chose to structure its program somewhat differently in the future, the impact could be meaningful.

The statutory guidelines for work-study at Section 23-3.3-401 are minimal, as is typically the case for state financial aid programs. The primary difference between federal and state work-study is that up to 30 percent of state work-study funds may be allocated to students who do not have financial need, and state work-study funds are solely for undergraduates.

23-3.3-401. Work-study program established - requirements

- (1) The commission shall use a portion of any moneys remaining after meeting the requirements of parts 2 and 3 of this article to provide a work-study program of employment of qualifying students in good standing with the institution in which they are enrolled in positions that are directly under the control of the institution in which the student is enrolled or in positions with nonprofit organizations, governmental agencies, or for-profit organizations with which the institution may execute student employment contracts.
- (2) Any in-state student who is enrolled or accepted for enrollment at an institution as an undergraduate may qualify for participation in the work-study program established pursuant to this section.
- (3) Funds appropriated to the commission may also be used by the commission in conjunction with and to supplement funds for current job opportunities or to supplement or match funds made available through any other public or private program for financial assistance. A sum not to exceed thirty percent of the funds allocated by the commission for the work-study program may be used to provide funding on a basis other than financial need. A sum of not less than seventy percent of such money shall be used for students demonstrating financial need.

This fall, staff surveyed the higher education institutions to gain a better understanding of how state work-study funds are used. The results of this survey indicated that the vast majority of work-study jobs are for on-campus employment. The only exceptions are a few institutions where students work at non-profit organizations. Consistent with federal rules, those non-profits are required to provide a 20-25 percent match rate. None of the institutions reported placing students in work-study positions with for-profit employers.

Providing employment on-campus offers various benefits: students have the opportunity to develop mentoring relationships with campus faculty, and institutional staff are prepared to adjust student schedules. From an institutional perspective, work-study students are free labor and can help provide some services that would otherwise need to be covered by paid staff. However, the on-campus jobs that are available may or may not be closely related to the student's career goals.

At the national level, a number of groups have advocated for changes to the federal work-study program to update the federal allocation process and potentially make it more career-relevant.¹ While change can be slow at the federal level, experimenting at the state level can be easier. Given the interest in work-based learning, a work-based learning initiative that links to the state work-study program might be fruitful.

There is considerable research to indicate that well-designed work-based learning opportunities make a difference for students. For example, studies show that students with internship experiences are more likely to find employment post-graduation.² Furthermore, at institutions with an access mission, students are likely to be employed to support themselves while they study. Combining education with a well-structured work experience may also enable students to complete their education more efficiently if they earn academic credit.

Staff does not propose to take funds from existing work-study allocations. This pilot would have different statutory requirements. However, if the pilot were successful, the State could choose to change statute on the use of existing state work-study funds, increase these funds, and incentivize the use of state work-study funds for more career-relevant work-based learning opportunities.

Potential Pilot: As staff envisions this initiative, the Committee would set *one-time* aside funding (e.g. \$2.0-\$5.0 million General Fund) for a bill for a pilot program. The initial appropriation would need to roll forward/be available for two- to three years to allow time for program development, rollout, and evaluation.

- The pilot program would target institutions that serve a disproportionate number of low-income students and that are interested in expanding work-based learning opportunities.
- The Department of Higher Education, with the assistance of the Workforce Development Council, would select 2-4 sites for the pilot, based on program applications. Alternatively, the General Assembly could select the pilot sites and funding levels but would rely on the Department and the Workforce Development Council to ensure that the specific program plans are consistent with the goals of the pilot and can be evaluated using metrics consistent across all pilots.

¹ See, for example, Sullivan and Setzer, A Federal Work Study Reform Agenda to Better Serve Low-Income Students, Young Invincibles, September 2014. <http://www.younginvincibles.org/wp-content/uploads/2014/09/Federal-Work-Study-Reform-Agenda-Sept-181.pdf>; Scott-Clayton and Yang Zhou, "Does the Federal Work-Study Program Really Work-and for Whom?", CAPSEE, March 2017. <http://ccrc.tc.columbia.edu/media/k2/attachments/capsee-does-fws-program-really-work.pdf>

² Saltikoff, The Positive Implications of Internships on Early Career Outcomes, NACE Center for Career Development and Talent Acquisition, May 2017. <http://www.naceweb.org/job-market/internships/the-positive-implications-of-internships-on-early-career-outcomes/>

- Staff suggests giving the institutions considerable latitude to design programs that they believe will be successful, useful, and informative for shaping work-based educational opportunities in the future.
- The program would target low-income students in their last 1-2 years of schooling or (if sought for students at community colleges or technical colleges) students with a clear career focus.
- **The program would seek to provide students with a win-win-win: career-relevant employment and wages, connections to potential future employers, and educational credit related to their program of study.**
- Employers could be not-for-profit, for-profit, or government. If institutions are primarily interested in on-campus employment, this could be an option too, so long as the employment is sufficiently career relevant as to be credit bearing. The pilot funding could be used for administrative costs associated with building an appropriate job network, including both support for students and support for employers to ensure substantive, career-relevant work experiences. Staff anticipates that funding might be used in part to subsidize student wages, but employers (whether for-profit or non-profit) would also need to make a significant contribution.
- The pilot would be subject to external evaluation that would examine factors such as student outcomes (retention in the program, degree completion and follow-on employment, and impact on student debt); employer satisfaction and retention in the program; and administrative lessons learned. Given a focus on “access” institutions, **a key measure would be whether and how quickly students complete their degrees, as this is one of the greatest challenges for access institutions.**

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee
FROM Alfredo Kemm, JBC Staff (303.866.4549)
DATE February 19, 2019
SUBJECT Potential Legislation – JBC Tracking Number 47, Statewide Compensation, Contract Compensation Specialist/Third-party Evaluation

At the Committee's last discussion on potential legislation on January 31st, staff recommended that the Committee consider legislation to authorize and fund a third party evaluation of the State's current statewide compensation system as administered by the Department of Personnel. This changed the recommendation staff had made at briefing for potential legislation to fund a contract compensation specialist.

Staff is primarily concerned that the merit pay system and other salary increase tools available within the statewide compensation system do not adequately address the problem of clustering at the bottom of the range. This happens when state employees hired at the bottom of the pay range do not receive salary increases to enable them to earn a median salary or reach salary range midpoint over a reasonable period of years. Representatives at the Department of Personnel have communicated to staff that the market rule of thumb is that an employee should reach a median level of experience and proficiency in a position and be compensated at a median level within five years; employees unable to reach a median level of proficiency over five years, will likely never become proficient. Data and analysis continues to suggest an ongoing problem with clustering. Statewide compensation representatives at the Department continue to insist that the current salary increase tools are adequate for addressing any problem within the statewide compensation system, including clustering. This is a key point of disagreement between staff and the Department.

Staff is secondarily concerned that the Department of Personnel takes the approach that departments and state agencies should bring distinct program- and occupational classification-specific requests to address problems related to recruitment and turnover. Staff sees these requests as confirmation of the primary problem of clustering. The Department identifies ongoing problems with clustering as problems in specific departments. Staff further believes that the Department of Personnel should be addressing and guiding these requests as well as making recommendations on larger compensation policy tools as a part of their responsibility for statewide compensation. The Department disagrees. This is a key point of disagreement between staff and the Department.

Rather than fund a contract compensation specialist for the Department, staff recommends a third-party evaluation to assess the problem of clustering, the State's current statewide compensation system and current salary increase tools, the Department's role in statewide compensation issues, and to make recommendations on improvements or changes to the statewide compensation system.

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee
FROM Alfredo Kemm, JBC Staff (303.866.4549)
DATE February 19, 2019
SUBJECT Potential Legislation – JBC Tracking Number 53, Department of Revenue, Establish online renewal application fee for liquor licenses

The Department requests the following changes to statute to provide authority to collect fees on liquor license renewal applications and to provide for online renewal and electronic notification. Current law only provides authority for fees on new applications. Establishing fees on liquor license renewal applications provides an improved nexus between fee revenue collection relative to regulatory oversight activities and will have the effect of stabilizing fees from year to year. Attached is the reengrossed version of H.B. 17-1337, which was postponed indefinitely by the Senate Finance Committee.

44-3-302. License renewal. (1) Ninety days prior to the expiration date of an existing license, the state licensing authority shall notify the licensee of the expiration date by first class mail at the business' last-known address, OR BY THE MOST CURRENT ELECTRONIC COMMUNICATION ADDRESS FOR THE LICENSEE ON FILE WITH THE LIQUOR ENFORCEMENT DIVISION. Application for the renewal of an existing license shall be made to the local licensing authority not less than forty-five days and to the state licensing authority not less than thirty days prior to the date of expiration. No application for renewal of a license shall be accepted by the local licensing authority after the date of expiration, except as provided in subsection (2) of this section, but filing with the local licensing authority shall be deemed filing with the state, and all renewals filed with the local licensing authorities prior to expiration, and subsequently approved, shall be processed by the state licensing authority, and the expiration date is extended until the state license is processed. The state or the local licensing authority, for good cause, may waive the forty-five- or thirty-day time requirements set forth in this subsection (1). The local licensing authority may cause a hearing on the application for renewal to be held. No renewal hearing provided for by this subsection (1) shall be held by the local licensing authority until a notice of hearing has been conspicuously posted on the licensed premises for a period of ten days and notice of the hearing has been provided the applicant at least ten days prior to the hearing. The licensing authority may refuse to renew any license for good cause, subject to judicial review. Any renewal hearing held by the state licensing authority shall be pursuant to section 44-3-305 (2).

44-3-501. State fees. (3)(a) The state licensing authority shall establish fees for processing the following types of applications, notices, or reports required to be submitted to the state licensing authority:

(XVIII) APPLICATIONS FOR THE RENEWAL OF A LIQUOR LICENSE OR PERMIT ISSUED IN ACCORDANCE WITH THIS ARTICLE 3 OR ARTICLE 4 OF THIS TITLE 44.

**First Regular Session
Seventy-first General Assembly
STATE OF COLORADO**

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 17-1060.01 Yelana Love x2295

HOUSE BILL 17-1337

HOUSE SPONSORSHIP

Hamner, Young, Rankin

SENATE SPONSORSHIP

Moreno, Lambert, Lundberg

House Committees

Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE AUTHORITY OF THE DEPARTMENT OF REVENUE TO**
102 **ESTABLISH A RENEWAL APPLICATION FEE FOR EACH LIQUOR**
103 **LICENSE THAT THE DEPARTMENT ISSUES.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. The bill authorizes the department of revenue to establish a renewal application fee for each liquor license issued by the state.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.

Capital letters indicate new material to be added to existing statute.

Dashes through the words indicate deletions from existing statute.

HOUSE
3rd Reading Unamended
April 24, 2017

HOUSE
2nd Reading Unamended
April 21, 2017

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 12-47-501, **add**
3 (2)(a)(XVIII) as follows:

4 **12-47-501. State fees.** (2) (a) The state licensing authority shall
5 establish fees for processing the following types of applications, notices,
6 or reports required to be submitted to the state licensing authority:

7 (XVIII) APPLICATIONS FOR THE RENEWAL OF A LIQUOR LICENSE OR
8 PERMIT ISSUED IN ACCORDANCE WITH THIS ARTICLE 47 OR ARTICLE 46 OF
9 THIS TITLE 12.

10 **SECTION 2. Safety clause.** The general assembly hereby finds,
11 determines, and declares that this act is necessary for the immediate
12 preservation of the public peace, health, and safety.